REMARKS/ARGUMENTS

The Examiner has objected to Claim 8 as being dependent upon a rejected base claim, but states that it would be allowable if rewritten in independent form including all of the limitations of the base claim 1. Applicants respectfully submit that Claim 1 is allowable, and that Claim 8, which depends from and includes all of the limitations of Claim 1, is allowable for all of the reasons expressed below with respect to Claim 1.

Claims 1-3 remain rejected under 35 U.S.C. 102(b) as being anticipated by Wong, as was set forth in the Office Action of 8/16/04. The Examiner has further rejected Claims 5-7 and 9-11 under 35 U.S.C. 102(b) as being anticipated by Wong. Applicants traverse these rejections. Applicants believe that Wong does not anticipate Claims 1-3, 5-7 and 9-11 because it fails to disclose each and every element as set forth in these claims.

Applicants maintain their position, as argued in their response to the Office Action dated August 16, 2004, that Wong does not disclose the limitations: as recited in Claim 1 and included by dependency in Claims 5-11 of "peak signal-to-noise ratios of bidirectionally predicted pictures in an enhancement layer are determined with reference to the peak signal-to-noise ratios of pictures in another layer"; as recited in Claim 2 of "the number of bits allocated to encode a bidirectionally predicted picture of an enhancement layer is determined with reference to the number of bits used to encode a picture of another layer"; and as recited in Claim 3 of "temporal positions of predicted pictures in an enhancement layer are determined to be spaced evenly with reference to temporal positions of pictures in other layers". As previously argued by Applicants, the method in Wong refers to single layer compression and looks within a given picture to process macroblocks within that picture.

The Examiner seems to now argue that the above quoted limitations are inherently described in Wong. More particularly, the Examiner states "Wong discloses that since the method is directed toward the MPEG standard, this would inherently include the scalability that is discussed in conjunction with the disclosure of the MPEG-2 standard. (Wong: column 1, lines 50-67; column 2, lines 1-2). The scalability of the MPEG-2 standard as implemented by Wong inherently has the lower resolution image as a base layer and higher resolutions being achieved through enhancement layer data. As such, the teaching of Wong's PSNRs with foreground and

background now correlates to base/enhancement layer treatment, and reads on the claims in question."

Applicants respectfully disagree with the Examiner. Applicants submit that the Examiner has not proven that the limitations included in Claims 1-3 and 5-11 as quoted above are inherently found in Wong. "The fact that a certain result or characteristic may occur or be present in the prior art is not sufficient to establish the inherency of that result or characteristic." "In relying upon the theory of inherency, the examiner must provide a basis in fact and/or technical reasoning to reasonably support the determination that the allegedly inherent characteristic necessarily flows from the teachings of the applied prior art." "Inherency, however, may not be established by probabilities or possibilities. The mere fact that a certain thing may result from a given set of circumstances is not sufficient." MPEP §2112. The language that the Examiner quotes from Wong merely mentions the scalability of the MPEG-2 standard in the background section of the patent, stating that "a lower bitrate may be extracted to transmit a lower resolution image." This, in and of itself, is not sufficient to show inherency with respect to the above-quoted limitations included in Claims 1-3 and 5-11. Accordingly, since these limitations do not "necessarily flow" from the Wong reference as is required, especially given all of the **explicit** language in Wong that the methods disclosed therein apply to single layer video compression, Wong does not anticipate Claims 1-3 and 5-11.

No amendment made was related to the statutory requirements of patentability unless expressly stated herein. No amendment made was for the purpose of narrowing the scope of any claim, unless Applicant has argued herein that such amendment was made to distinguish over a particular reference or combination of references. Moreover, Applicants reserve the right in the future to make arguments not made herein.

The Applicants believe that the subject application is in condition for allowance. Such action is earnestly solicited by the Applicants.

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Appl. No. 10/070,069   Docket No. CM00740P
Amdt. Dated August 8, 2005   Customer No. 22917
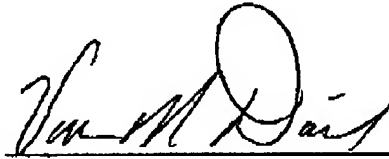Reply to Office Action of June 6, 2005

In the event that the Examiner deems the present application non-allowable, it is requested that the Examiner telephone the Applicant's attorney or agent at the number indicated below so that the prosecution of the present case may be advanced by the clarification of any continuing rejection.

Respectfully submitted,

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